

FISCAL NOTE

Bill #: SB0062

Title: No call telemarketing law

Primary Sponsor: Ryan, D

Status: As Amended in House Committee

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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Fiscal Summary

	<u>FY 2004 Difference</u>	<u>FY 2005 Difference</u>
Expenditures:		
State Special Revenue	\$20,739	\$43,149
Revenue:		
State Special Revenue	\$135,000	\$135,000
Net Impact on General Fund Balance:	\$0	\$0

- | | |
|---------------------------------------------------------------------|------------------------------------------------------------------|
| <input type="checkbox"/> Significant Local Gov. Impact | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts |
| <input checked="" type="checkbox"/> Dedicated Revenue Form Attached | <input checked="" type="checkbox"/> Needs to be included in HB 2 |

Fiscal Analysis

ASSUMPTIONS:

Department of Justice

1. There will be no cost to the consumer.
2. Montana Interactive Incorporated (MII) will establish the database initially at no cost to the state. Justice will negotiate with MII for a portion of the telemarketer revenue collections to be used as reimbursement to MII for their implementation costs.
3. It is estimated that 250 telemarketers a year will purchase the no call lists at a cost of \$500 a year for revenue of \$125,000. The bill also allows a maximum \$5,000 civil penalty for each violation. With the estimate of 10 claims a year, \$1,000 fine for each claim, an additional \$10,000 will be collected. Total estimate revenue is \$135,000 (125,000 + 10,000) to the state special revenue account.
4. Assume that enforcement will primarily involve civil cases and not criminal cases. The Attorney General's Office and local governments will do the investigations. If the federal legislation passes, it is assumed that the federal government will take the lead on enforcement of out-of-state telemarketers.
5. Enforcement will start in FY 2005. Justice estimates that 10 cases a year will need to be investigated by the Agency Legal Services Bureau (which bills at \$71.80/hour). Estimated cost for this investigation is \$5,995 (estimate 10 cases a year at 8.35 hours each = 83.50 hours x \$71.80/hour). This cost is included in FY 2005 only.

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(continued)

6. Justice assumes that the Advisory Group in Section 6 of the bill will work for free so no estimates are made for travel and per diem costs for meetings.
7. It is estimated that Justice will need 1.00 FTE to coordinate the no-call legislation. The FTE will not be hired until 1/1/2004 so 0.50 FTE is requested for FY 2004 and 1.00 FTE is requested in FY 2005 at a cost of \$16,107 and \$32,213 respectively (grade 12 salary & benefits).
8. Regular operating costs are \$4,632 in FY 2004 and \$3,221 in FY 2005. FY 2004 costs include \$3,021 for the new employee package of desk, chair, file cabinet and computer. In addition, operating costs of \$1,611 in FY 2004 and \$3,221 in FY 2005 are included for phones, supplies, and travel.
9. In FY 2005, an 800-line would be added. Current cost of equipment for an 800-line is \$60 per month or \$720 per year. In addition, the cost of the calls is estimated at \$1,000. This total cost of \$1,720 (720 + 1,000) is added to operating costs for FY 2005 only.
10. The total for operating expenses is \$4,632 in FY 2004 and \$10,936 in FY 2005 (from items 5, 8, and 9 above).
11. Revenues in the new account created in Section 8 of the bill will be subject to appropriation in HB 2.

Department of Administration

12. The fiscal impact shifts to the Department of Justice as amended.

FISCAL IMPACT:

Department of Justice:

Program 01-Legal Services Division

	<u>FY 2004</u> <u>Difference</u>	<u>FY 2005</u> <u>Difference</u>
FTE	.50	1.00
<u>Expenditures:</u>		
Personal Services	\$16,107	\$32,213
Operating Expenses	<u>4,632</u>	<u>10,936</u>
TOTAL	\$20,739	\$43,149
<u>Funding of Expenditures:</u>		
State Special Revenue (02)	\$20,739	\$43,149
<u>Revenues:</u>		
State Special Revenue (02)	\$135,000	\$135,000
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>		
State Special Revenue (02)	\$114,261	\$91,851

DEDICATION OF REVENUE:

- a) Are there persons or entities that benefit from this dedicated revenue that do not pay? (please explain)

Yes, the consumers.

- b) What special information or other advantages exist as a result of using a state special revenue fund that could not be obtained if the revenue were allocated to the general fund?

The fund will be used for enforcement purposes. In the future it is anticipated to pay for a 1-800 line. Section 5 of the bill also allows the fund to be used to pay a residential subscriber recovery costs. Expenses can only be paid up to the amount of the collections. The collections should be used to establish and maintain the program and enforcement for which the no-call legislation was intended.

- c) Is the source of revenue relevant to current use of the funds and adequate to fund the program activity that is intended? ☒ Yes ☐ No (if no, explain)

- d) Does the need for this state special revenue provision still exist? ☒ Yes ☐ No (Explain)

- e) Does the dedicated revenue affect the legislature's ability to scrutinize budgets, control expenditures, or establish priorities for state spending? (Please Explain)

No. The Legislature will need to appropriate the state special revenue fund in order for expenses to be paid.

- f) Does the dedicated revenue fulfill a continuing, legislatively recognized need? (Please Explain)

Yes. Telemarketing is becoming a serious issue on both the state and federal levels.

- g) How does the dedicated revenue provision result in accounting/auditing efficiencies or inefficiencies in your agency? (Please Explain. Also, if the program/activity were general funded, could you adequately account for the program/activity?)

With a state special fund, it is easier at a glance to see the financial status of the no-call list administration account. The program would be assured that its revenues would only be used for the specific purpose that they were intended. If the program had general fund, Justice could adequately account for the program.